

## COMPANY PROFILE — ZARA

### A specialty store success story

The *Zara* chain entered the Mexican market in 1992 with three stores. It now has six stores in Mexico City and plans an additional 26 stores within the next two years. In 1992, sales were in excess of US \$62 million. With 341 stores around the world, this Spanish-owned retailer amassed global sales of US \$3.3 billion in the same year. Its primary focus is to provide exclusive European designs at reasonable prices. Its customers are 61 percent women, 20 percent men and 19 percent children. In Mexico City, it has stores in *Plaza Universidad, Plaza Satélite, Galerías Coapa, Centro Coyoacán, Centro Perisur* and *Centro Comercial Santa Fe*.

## SPECIALTY CHAIN STORES AND BOUTIQUES

Specialty chain stores and boutiques exploit niches in the Mexican market and are growing rapidly. These stores are represented by the *Asociación de Tiendas de Comercio Especializado (ACE)*, Association of Specialty Shops, which works to combine its members' purchasing power — particularly in lease negotiations — and conducts joint marketing and advertising programs.

There are a large number of foreign-owned specialty stores in the Mexican market, including Spain's *Zara* chain, France's *Yves Saint Laurent*, Great Britain's *Burberry's*, Italy's *Benetton* and *Athlete's Foot* from the United States.

A growing number of Mexican firms have entered the specialty market, including:

- *Ferrioni's Children Wear* is an upscale children's wear retailer represented by the Colt Mercantile International buying office based in New York.
- *EMY* is a chain of women's fashion boutiques which stock labels such as *Vanity*, *Marsel* and *D'Luv*, as well as about 20 percent imports.
- *Pardueles* is a small but exclusive boutique chain with 13 stores selling primarily European and American fashions to customers with medium-to-high incomes.
- *Fratina* is an exclusive group of three stores in Mexico City representing Europe's top designers who do not have their own stores (such as *Escada*) and top American designers such as *Donna Karon*.
- *Cadena Campanita* is an upscale chain of children's boutiques with 18 stores in Mexico City. Forty percent of their goods are imported from Colombia, Spain and the U.S.

## MARKET ENTRY STRATEGIES

Most importers of apparel in Mexico are associated either with retailers or with manufacturers. There are very few independent importers of apparel. Thus, the main market entry strategies are aimed at one or the other. A Canadian company seeking to sell its products in Mexico will have to choose both a preferred distribution method and a strategy for introducing and promoting its line.

## DISTRIBUTION

There are five main distribution methods for a Canadian apparel manufacturer seeking to enter the Mexican market:

- direct sales to retailers;
- buying agents;
- manufacturer's agents;
- an independent agent; and/or
- a joint venture with a Mexican manufacturer.